

Documents relating to the opening up of the North-West Territories to settlement and cultivation.

(Copy.)

Quebec, 19th February, 1864.

MY LORD DUKE,—I have the honor to enclose a Report of the Executive Council on the proposals of the Atlantic and Pacific Transit and Telegraph Company, transmitted to me with Your Grace's despatch, No. 49, of the 1st of May, 1863.

I have, &c.,

(Signed,) _____

MONCK.

His Grace the Duke of NEWCASTLE,
&c., &c., &c.

Extract from a Report of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor General in Council, on the 18th February, 1864.

The Committee are of opinion that in view of the recent change in the constitution and objects of the Hudson's Bay Company, which, from the correspondence laid before the House of Lords, appears to have been effected, and the claims which the new organization have reiterated with the apparent sanction of His Grace the Duke of Newcastle, to territorial rights over a vast region not included in their original charter, it is highly expedient that steps be taken to settle definitely the North-Western Boundary of Canada.

The Committee therefore recommend that correspondence be opened with the Imperial Government with a view to the adoption of some speedy, inexpensive and mutually satisfactory plan to determine this important question, and that the claim of Canada be asserted to all that portion of Central British America which can be shewn to have been in the possession of the French at the period of the Cession in 1763.

Certified.

WM. H. LEE,
C. E. C.

(Copy.)

Canada, No. 33.

DOWNING STREET,

1st July, 1864.

MY LORD,

I have had under my consideration your Lordship's despatch No. 18 of the 19th of February, enclosing to the Duke of Newcastle the minute of your late Executive Council on the subject of the pending negotiation between Her Majesty's Government and the Hudson's Bay Company for the Cession of the Rights of that Company in the Hudson's Bay Territory to the Crown.

In that minute the Executive Council say they "are of opinion that, in view of the recent change in the constitution and objects of the Hudson's Bay Company, which from the correspondence laid before the House of Lords appears to have been effected; and the claims which the new organization have reiterated, with the apparent sanction of His Grace the Duke of Newcastle, to territorial rights, over a vast region not included in their original charter, it is highly expedient that steps be taken to settle definitely the North-Western boundary of Canada."

The Committee therefore recommend that correspondence be opened with the Imperial Government with the view to the adoption of some speedy, inexpensive, and mutually satisfactory plan to determine this important question, and that the claim of Canada be asserted to all that portion of Central British America which can be shewn to have been in the possession of the French at the period of the Cession in 1763." If the proposed cession shall take place it will be necessary to make provision for the future government of the Red River settlement, and prospectively of such parts of the Territory as may from time to time become the seats of settled occupation and industry.

The Committee of the House of Commons, which in the year 1857, considered the state of the British possessions in North America which are under the administration of the Hudson's Bay Company, expressed themselves in the following terms:—"Your Committee consider that it is essential to meet the just and reasonable wishes of Canada, to be enabled to annex to her territory such portion of the land in her neighborhood as may be available to her for the purposes of settlement, with which lands she is willing to open and maintain communications, and for which she will provide the means of local administration. Your Committee apprehend that the Districts on the Red River and the Saskatchewan are among those likely to be desired for early occupation. It is of great importance that the peace and good order of those Districts should be effectually secured."

Your Committee trust that there will be no difficulty in effecting arrangements as between Her Majesty's Government and the Hudson's Bay Company, by which these Districts may be ceded to Canada on equitable principles; and within the Districts thus annexed to her the authority of the Hudson's Bay Company would, of course, entirely cease."

Before taking any further steps in the negotiations with the Company, I am desirous of being informed whether your advisers are prepared to assist in these negotiations, with a view of accepting the Government of any portion of the territory and undertaking the duties contemplated by the Committee, in case sufficiently favorable terms can be obtained. If they are prepared to do so, it will be desirable that they should send over to this country some person duly authorized to communicate with me upon the subject, in order that the negotiations may be proceeded with during the Recess, and the necessary measures prepared for obtaining the sanction of the Imperial Parliament and of the Legislature of Canada. If they are not prepared to assist in the negotiations, I shall be glad to hear from you their views upon the subject of the North-Western Boundary of Canada.

I have, &c.,

(Signed) EDWARD CARDWELL.

COPY OF A REPORT of a Committee of the Honorable the Executive Council, approved by His Excellency the Governor-General in Council, on the 11th of November, 1864.

The Committee of Council have had under their consideration the Despatch of the Right Hon. Edward Cardwell, Her Majesty's Secretary of State for the Colonies, of 1st July, 1864, in reply to your Excellency's Despatch of 19th February, 1864, transmitting Minute of Council on the subject of the pending negotiations between her Majesty's Government and the Hudson's Bay Company for the cession to the Crown of the rights of that Company in the North-Western Territories.

In the Minute of Council transmitted by your Excellency, the Government of Canada recommended that "Correspondence be opened with the Imperial Government with a view to the adoption of some speedy, inexpensive, and mutually satisfactory plan" to "settle definitely the North-Western boundary of Canada," and that "the claim of Canada be asserted to all that portion of Central British America which can be shewn to have been in the possession of the French at the period of the cession in 1763."

Mr. Cardwell, in acknowledging this minute, remarks, that "if the proposed cession shall take place, it will be necessary to make provision for the future government of the Red River Settlement, and prospectively of such parts of the territory as may from time to time become the seats of settled occupation and industry." He quotes from the Report of the Select Committee of the House of Commons of 1857, in which it is said: "Your Committee consider that it is essential to meet the just and reasonable wishes of Canada to be enabled to annex to her territory such portion of the land in her neighbourhood as may be available to her for the purpose of settlement, with which lands she is willing to open and maintain

"communications, and for which she will provide the means of local administration.

"Your Committee apprehend that the districts on the Red River and the Saskatchewan are among those likely to be desired for early occupation. "It is of great importance that the peace and good order of those districts should be effectually secured." Your Committee trust that there will be no difficulty in effecting arrangements as between Her Majesty's Government and the Hudson's Bay Company by which those districts may be ceded to Canada on equitable principles, and within the districts thus annexed to her, the authority of the Hudson's Bay Company would of course entirely cease." And Mr. Cardwell concludes by asking whether the Government of Canada are prepared to assist in those negotiations with the view of accepting the government of any portion of the territory, and undertaking the duties contemplated by the Committee in case sufficiently favorable terms can be obtained; and he suggests that if prepared so to do, it would be desirable that some person duly authorized to communicate the views of the Canadian Government should be sent to England for that purpose.

The Committee of Council recommend that Mr. Cardwell be informed that the Government of Canada is more than ever impressed with the importance of opening up to settlement and cultivation, the lands lying between Lake Superior and the Rocky Mountains. The great extent of these lands, and their adaptability for settlement, are now established beyond a doubt; and it is not to be contemplated that a region so fertile and capable of sustaining so vast a population, should longer be closed to civilization for the benefit of a trading company, however long established and respectable that Company may be. The rapid progress of British Columbia adds to the expediency of opening without delay an overland route to the Pacific, and gives feasibility to the hope long cherished by many that the Atlantic and Pacific Oceans ere many years elapse, may be connected by one direct line of Railway through British territory from Halifax to British Columbia. The close relations springing up between the Red River settlers and the Americans of Pembina and St. Paul, and the removal of many Americans into the territory, render it doubly expedient that a settled government under the British Crown should be established in the country at an early date. The effort now being made with every prospect of success, by the governments of Canada, Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island for the Union of all these Provinces under one government, presents another strong reason for settling now the future position of the North-West Country, more especially as the parties to the proposed British American Federation have unanimously agreed that the people of the North-West Territory, and of British Columbia, and Vancouver may at any time join the Federation on equitable terms, and the whole of British America thus become united in one system of government under the protecting rule of Great Britain.

The Government of Canada is ready and anxious to co-operate with the Imperial Government in securing the early settlement of the Territory

and the establishment of local Government in its settled portions. The government looks forward with interest to the day when the valley of the Saskatchewan will become the back country of Canada, and the land of hope for the hardy youth of the Province when they seek new homes in the forest; and it anticipates with confidence the day when Canada will become the highway of immigration from Europe into those fertile valleys. To attain these ends the Government is prepared to render all the aid in its power towards opening up the Country.

The Committee of Council are however clearly of the opinion that the first step towards the settlement of the Territory is the extinction of all claim by the Hudson's Bay Company to proprietary rights in the soil or exclusive right of trade. The Committee do not deem it necessary now to raise the question of the validity or invalidity of the Company's Charter. Were all the pretensions of the company as to their title fully admitted for the sake of argument, the necessity of its speedy extinction would still remain. It is not to be entertained for a moment, that half a Continent should continue to be shut off from the world on the strength of a parchment title, however good.

The Committee are however conscious that it is for the Imperial Government and not for the Government of Canada to assume the duty of bringing to an end a monopoly originating in an English Charter, and exercised so long under Imperial sanction; and while acknowledging with thanks the courtesy of Mr. Cardwell, in inviting the Government of Canada to assist in negotiations with the Hudson's Bay Company for the cession to the Crown of their claims, the Committee are of the opinion that the negotiations will be advantageously left in the hands of the Imperial Government, when the negotiations have been brought to a close the government of Canada will be ready to arrange with the Imperial Government for the annexation to Canada of such portion of the land in her neighborhood as may be available for settlement as well as for the opening up of communications into the Territory and providing means of local administration, or should the Imperial Government prefer to erect the Territory into a Crown Colony, the Government of Canada will gladly co-operate in the opening up of communication into the Territory and the settlement of the Country.

The Committee express the hope that until the Government of Canada has been communicated with, no cession of large sections of land will be made by the Imperial Government for any purpose or any right of way granted through the Territory. The history of the American Continent is replete with examples of the great evils resulting from the locking up of extensive tracts of land in the hands of wealthy corporations, whose whole object is the realization of large profits. The existence of such an evil in these North-Western regions would seriously embarrass the efforts of any Government for the early and satisfactory settlement of the Country.

In suggesting that the negotiations with the Hudson's Bay Company should remain in the hands of the Imperial Government, the Committee are anxious that Mr. Cardwell should not interpret this as arising from any

diminution of interest on the part of Canada in the just and speedy settlement of this great question; on the contrary the public interest in the question and the desire for the early occupation of the Country, have of late much increased, and the best proof of this is furnished in the desire unanimously expressed by the recent Conference of the Atlantic Provinces, for a political union with the great Western Territories. The Government will observe the progress of the negotiations with profound interest and will most gladly communicate with Mr. Caldwell on any point which he may deem proper to submit to it. The Hon. the President of the Executive Council of Canada [Mr. Brown] sails for England on the 16th instant; he has given much attention to the Hudson's Bay question, and will be able to communicate more fully to Mr. Cardwell the views of the Government on the subject, of which he is fully possessed.

Certified,

WM. H. LEE,
C. E. C.

To HIS EXCELLENCY THE GOVERNOR GENERAL OF CANADA IN COUNCIL.

MY LORD,

Quebec, 26th January, 1865.

I have the honour to report that while recently in England, in compliance with your Excellency's instructions, I placed myself in communication with Her Majesty's Secretary of State for the Colonies, on the subject of opening up to settlement the North-Western Territories.

In your Excellency's Despatch of 19th January, 1864, to the Colonial Secretary, the anxious desire of the Canadian Government was communicated "for some speedy, inexpensive and mutually satisfactory plan," for "settling definitely the North-Western boundary of Canada," and the "claim of Canada was asserted to "all that portion of Central British America, which can be shown to have been in the possession of the French at the period of the cession in 1763."

In reply to this Despatch, Mr. Cardwell on 1st July, 1864, requested to be informed whether the Government of Canada was prepared to assist in negotiations with the Hudson's Bay Company, with the view of accepting any portion of the Territory now claimed by that Company, and providing the means of local administration therein; and he suggested that if so prepared it would be desirable that some person duly authorized to communicate the views of the Canadian Government should be sent to England for that purpose.

On the 11th November 1864, a minute of Council was approved by Your Excellency, in reply to Mr. Cardwell's Despatch. It set forth that the Government of Canada was ready and anxious to co-operate with the Imperial Government, in securing the early settlement of the North-West

Territories, and the establishment of local Government in its settled portions ; but that in its opinion the first step towards that end was the extinction of all claim by the Hudson's Bay Company to proprietary rights in the soil or exclusive rights of trade. It suggested, that it was for the Imperial Government, and not for the Government of Canada to assume the duty of bringing to an end a monopoly originating in an English Charter, and exercised so long under Imperial sanction ; but that when the negotiations were brought to a close, the Government of Canada would be ready to arrange with the Imperial Government for the annexation to Canada of such portions of the Territory as might be available for settlement, as well as for the opening up of communications into the Territory and providing means of local administration. Or should the Imperial Government prefer to erect the Territory into a Crown Colony, the Canadian Government would gladly co-operate in the opening up of communication into the Territory, and the settlement of the Country. The minute finally suggested that the undersigned while in England would communicate more fully to Mr. Cardwell the views of the Canadian Government.

While in London I had the honour of several interviews with Mr. Cardwell, at which the whole question was fully discussed ; and I gratefully acknowledge the courtesy and attention extended to me by that gentleman.

I found that negotiations for the cession to the Crown of the territorial claims of the Hudson's Bay Company had been proceeding for a year past between the Colonial Minister and the Company ; and it may not be without advantage that I should state here briefly the point to which these negotiations had been brought.

I. In July, 1863, the whole interests of the Hudson's Bay Company were transferred to Mr. Edward W. Watkin and certain gentlemen acting with him ; and Sir Edmund Head was elected Governor of the Company. The capital stock of the old company was £500,000 sterling, but at the time of the sale and for some time previous each £100 share was worth £200 on the London Stock Exchange. The market value of the Company's interests was therefore £1,000,000 sterling. The new Company agreed to pay £1,500,000, and did pay that sum for the transference to them of all the interests of the old company.

II. On the 28th of August, 1863, Sir Edmund Head, as Governor of the new Hudson's Bay Company, communicated to his Grace the Duke of Newcastle, a resolution expressive of the conviction that the time had arrived for introducing into the North-West Territories the direct authority of the Crown.

III. On the 9th of October, 1863, Sir Frederick Rogers, by instruction of the Duke of Newcastle, informed the company that his Grace was ready to consider any proposals submitted to him by the Hudson's Bay Company with reference to the introduction of the direct authority of Her Majesty's Government in Rupert's Land.

IV. On 11th November, 1863, Sir Edmund Head acknowledged the receipt of Sir Frederic Rogers' communication, and proceeded to explain the views of the company in the following terms:—

"With regard to the extent of the proposed colony of which the seat of government would be Red River (or Fort Garry), the committee presume that His Grace would wish it to include the whole country from the frontier of the United States to the north branch of the Saskatchewan, and to extend eastward towards Lake Superior as far as the frontier of Canada, wherever the precise line of that frontier may be found. Perhaps the most convenient limit for the northern boundary would be either the Saskatchewan itself, or a line running from the Rocky Mountains eastward through Edmonton house and Fort Cumberland, and, from the latter, following the Saskatchewan down to Lake Winnipeg. Nothing would be gained by going further to the northward, nor by including the eastern side of Lake Winnipeg, but from the mouth of the Winnipeg River where it enters the Lake the line of demarcation might be run eastward until it cut the Canadian Frontier somewhere north of Lake Superior or Lake Huron."

After hinting at the purchase by Government of the whole Territorial claims of the Company for a sum of money, payable down or by instalments,—but which he admits is probably an impracticable solution.—Sir Edmund Head goes on to propose as the condition of the Company's consent to the erection of a Crown Colony that "the Company should retain "the ownership in fee simple of one half of the lands in the Colony and "the other half should be conveyed by the Company to the Crown." And, this compromise he explains the Company suggests only subject to the following stipulations:—

"1st. The Hudson's Bay Company should have the sole right to erect and should bind themselves to complete within five years an Electric Telegraph, to connect British Columbia and Canada. The line for this Telegraph should be approved by the Secretary of State and it should be maintained by the Company who would, of course, engage to convey the messages of the Imperial and Colonial Governments at a fixed and moderate rate.

"It would be necessary as a condition precedent to the erection of the Telegraph.—

"(a) That the Governments of British Columbia and Canada should pledge their faith respectively to the Secretary of State to pay the yearly sum set forth in the enclosures to the despatch of July 31, 1862, with all the advantages as to lands to be granted by Her Majesty's Government and other terms therein specified.

"(b) That a road should be laid out along the line of Telegraph but the soil on which the Telegraph stands and the space (say) one mile in width on one side of its course should belong to the Hudson's Bay Company, to be reckoned as part of the half of the land which they would retain. The other side of the road might be included in the half belonging to the Crown

"(c) That the Company in constructing the Telegraph should be entitled to use wood or other materials taken from ungranted land.

2nd. The Crown shall resume the grant of mines and diggings of gold and silver throughout the Colony on condition of paying to the Hudson's Bay Company one third of the receipts of all dues, royalties, rents, &c., from such mines or diggings, whether raised by way of export duty or otherwise, but the Company should not be liable for expenses of collection or escort.

3rd. The buildings required for military or Government purposes at Fort Garry or Red River should be valued and purchased of the Company.

"4th. The Company should retain as a portion of their half of the lands, all lots already laid out and surveyed as well as five thousand acres round each of their forts or posts."

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V. On 11th March, 1864, Mr. Chichester Fortescue, Under Secretary of State for the Colonies, by direction of the Duke of Newcastle, rejected the proposal of the Company. In the course of his communication the following passages occur :—

"In an unsettled Colony, there is no effectual mode of taxation for purposes of government and improvement, and the whole progress of the Colony depends on the liberal and prudent disposal of its land. These considerations afford decisive reasons against leaving that land in the possession of a Corporation. And I am to observe that these objections, conclusive in any case, are greatly enhanced in the case of the Hudson's Bay Company, as I learn from your letter that it has been 'the unvarying opinion' of the Committee on whose behalf you speak that the Company would 'lose' fully as much as they would gain 'by the increase of settlement in the Chartered Territory'—It is therefore (to say the least) a question whether the Company would not be under a direct inducement to use their proprietary rights to thwart the colonizing efforts of the Government." *

The conclusive objection to the scheme is that it would reproduce in a gigantic shape the inconveniences which, on a far smaller scale, were found intolerable in Canada. It is evident as matter of reasoning, and notorious as a matter of fact, that the interposition of large blocks of property between tracts or districts of Crown Land must obstruct the opening up of those districts, unless it fortunately happens that the private proprietor is ready to expend money *pari passu* with the Government, in the construction of roads and other improvements, and to conform his land policy to that of the authorities. It is also clear that Colonists of the Anglo-Saxon race, look upon the land Revenue as legitimately belonging to the community—and that the diversion of half or more than half of that Revenue to the purpose of increasing the dividends of a private Corporation would cause a continual and growing discontent, which could not be allayed by any abstract argument of right, and the full force of which the Government would be expected by the Company to sustain. His Grace cannot consent to make himself responsible for these consequences, and he is therefore obliged to treat as inadmissible any proposal for the proprietary partition of those territories which may be placed under the Government of the Crown."

Mr. Fortescue then proceeds to state "the only terms which after very grave consideration, His Grace feels himself able to propose for the acceptance of the Company,"—as follows :—

"1. That within certain geographical limits [coinciding more or less with those laid down in your letter] the Territorial rights of the Company should be surrendered to the Crown.

"2. That the sum of 1s. per acre on every acre sold by Government should be paid to the Company and payment to cease when their aggregate receipts from this source shall exceed £150,000, or on the expiration of 50 years.

"3. That $\frac{1}{4}$ of the sum received by the Government as an export duty for gold or on leases of gold mines or licenses for gold mining, shall be payable to the Company, for 50 years, or until the aggregate receipts shall amount to £100,000.

"4. That on these conditions a Government be established in the ceded Territories—Great Britain undertaking the expense and risk of that Government until the Colony is able to support it as in British Columbia and other Colonies.

"It must be clearly understood, that the payments contemplated in the second and third of these articles are entirely dependent on the Government receipts, and that the Government will not be pledged to any particular form of levying a tax upon Gold."

Appended to Mr. Fortescue's letter was the following postscript :—

"P.S. Since the above letter was drafted, His Grace has received from the Governor General of Canada, a Despach from which it appears, that the Canadian Government contemplate the assertion of a claim to all that portion of Central America, which can be shewn to have been in the possession of the French in 1763. It must of course be understood that the above suggestions are made on the supposition that the cession by the Com-

pany will place Her Majesty's Government in possession of an indisputable title to the Territory ceded by them."

VI. On the 14th March, 1864, Sir Edmund Head replied to Mr. Fortescue's letter of the 11th March,—taking strong exception to the postscript of that letter. Among other passages was the following:—

"We believe the title of the Hudson's Bay Company to be good, and we are prepared to defend it in any court in which it may be impugned: but we are not prepared to originate any enquiry of the kind; or to undertake to give any guarantee or to present to the Secretary of State, any title other than that which I have already said, is as well known to his Grace as it is to ourselves. Such as it is, it must be taken for better for worse, for we have no other to offer, and we believe that to be sufficient. If, therefore, any such guarantee or undertaking is a condition precedent to the completion of an arrangement on the basis now suggested in your letter of the 11th instant, it will, we fear, be wholly useless for us to enter into the consideration of the principle of that offer or any discussion how far the details involved in it are, or are not acceptable to the Company, or how far the amount of compensation would be sufficient. If indeed the question were one only of some few miles, more or less, of boundary, the case would be wholly different. But in the form in which the claim is presented to us in your postscript, it appears to the Committee to make all further action impracticable."

Sir Edmund Head goes on to say:—

"But for this preliminary difficulty arising from the postscript to your letter, it would now be my duty to call your attention to the fact that that letter makes no allusion to a substantive portion of our offer to which we attach great importance, that namely of erecting on certain terms, an Electric Telegraph across the Hudson's Bay Territory. We have ceded to no one the right to do this, and we are perfectly ready on fair conditions, and as part of the arrangement, to undertake to do it ourselves. Nor is anything said in the counter-proposal made by you as to the portions of land which the Company might be allowed to retain as private property nor as to the manner in which their buildings and improvements would be dealt with."

VII. On the 5th April, 1864, Sir Frederic Rogers addressed Sir Edmund Head in rejoinder to his letter of the 14th March. In reference to the Company's objection to the postscript of Mr. Fortescue's letter, he said:

"It appears to the Duke of Newcastle that the committee has somewhat misapprehended the intention with which that Postscript was written. It is assumed for the present purpose, that the grant to the Hudson's Bay Company is a valid grant. But it appears to be contended on the part of Canada, that whether valid or not, an instrument which only granted to the Company land not in possession of a foreign power in the year 1670, could not from its very terms comprehend in 1763 a territory which then belonged to the French, and which it is contended must therefore have then belonged and belong now to Canada. If this claim on the part of Canada were established, it would be evidently impossible for Her Majesty's Government to secure that land to which it is extended, should, when sold, be subject to a payment of 1s. an acre to the Hudson's Bay Company. It is therefore impossible for His Grace to make any pledge of this kind except as to land which is beyond the scope of the Canadian claim."

Sir Frederick Rogers, however, then went on to modify somewhat this position. He said:

"As regards the territories west of the Mississippi, to which the present negotiation in the main relates, the Duke of Newcastle after a careful examination is prepared for the purpose of the present negotiation, to assume that the Canadian claim is groundless. And he therefore authorizes me to renew the proposals contained in the body of my letter of the 11th, subject to the following stipulation, that in case it should be found advisable to cede or annex to Canada any territory lying eastward of a line passing through Lake Winnipeg, and from thence to and through the Lake of the Woods, Her Majesty's Govern-

ment should be at liberty to exempt the annexed territory from all payments to the Hudson's Bay Company, which payments would thenceforth be exclusively leviable, (without any deduction from their amount) on the territories acquired by the Crown to the west of the above line of demarcation."

In regard to the second part of Sir Edmund Head's letter of 14th March, Sir Frederic Rogers explained that the Duke of Newcastle was quite willing to recognize the transference to the Hudson's Bay Company, of the rights and responsibilities of the Atlantic and Pacific Telegraph and Transit Company—*"if it is recognized by the Colonies concerned."* And he goes on to say that His Grace "is further willing that on the completion of the Road and Telegraph from the Frontier of Canada to that of British Columbia, lands adjacent to the line shall be granted to the Company at the rate of one square mile for every lineal mile of Road and Telegraph constructed on Crown Lands between the line of demarcation above described and the frontier of British Columbia."

VIII. On the 13th of April, the Company accepted the offer of Government in principle, but considered that the *amount* of the payments within 50 years out of the land and Gold Revenues should not be limited, or if limited, should be limited to £1,000,000 instead of £250,000. They asked in addition to be allowed—

- (1) To retain as private property "their posts and stations" (on which buildings had been erected), "outside the Red River settlement with an area of 6,000 acres round each such post."
- (2) To retain "all lots set out and occupied by them."
- (3) To receive for every 50,000 acres of land sold by the Crown, "a grant of 5,000 acres of wild land" of their own choice.

They also require exemption from exceptional taxation and relief from every expense of government.

As the basis of an arrangement, for "through communication," they expressed their readiness to adopt Mr. Watkin's plan (modified, as it necessarily would be by the amalgamation of the Hudson's Bay Company, and the Transit and Telegraph Company,) but they required five square miles of land per lineal mile of Telegraph and Road instead of one square mile as offered by Government.

IX. On the 6th of June Mr. Cardwell declined to accept these proposals without considerable modifications, but deferred any counter-proposal until after consultation with the Treasury and with the Canadian Government.

This was the position of the negotiation when the undersigned reached London, early in December 1864, and when Mr. Cardwell placed in his hands the papers of which a summary has been given.

Mr. Cardwell, in explaining verbally the state of the negotiations, added that in case the Hudson's Bay Company's offer of 13th April 1864, was accepted by the Government of Canada, as containing in principle a basis on which negotiations might be continued with the hope of a satisfactory solution, he was of opinion that considerable modifications of the terms might be obtained.

That there might be no misunderstanding as to the offer of the Company, I requested that a map might be obtained from Sir Edmund Head so coloured as to show clearly the Territory now claimed by the Hudson's Bay Company as their property; and also a second map so coloured as to what portion of the land claimed to be theirs, they now proposed to surrender to the Crown. Two maps coloured in this manner were accordingly obtained from the Company and are appended to this Report.

Accompanying these maps was a letter from Sir Edmund Head, dated the 7th December, 1864, which, without abating his proposal of 13th April, offered as an alternative :—

1. That the Company be paid £1,000,000 sterling.
2. That the Government of British North America acknowledge the Company's right to trade without exclusive privileges of any kind within the territory.
3. That the Company should hold in fee simple all their posts now occupied, with a reasonable area round each post. All previous sales and bargains made by them at Red River shall be confirmed.
4. That the Government of British North America shall impose no exceptional taxes on the Company, its property, or its servants.
5. That the disputed matter of the Company's lands in Canada be settled by issuing grants on the footing formerly agreed upon between Mr. Vankoughnett and Mr. Hopkins.
6. That the Company shall be bound to hand over to the Government of British North America all the materials for the construction of the telegraph on the payment of the cost price and expenses already incurred.

In discussing with Mr. Caldwell these demands of the Hudson's Bay Company, I pointed out what appeared to me the utterly untenable character of their pretensions. I endeavoured to show that they were seeking to sell to Her Majesty's Government, for an enormous sum, territory to which they had no title under their Charter; and I contended that if the solution of the question was to be sought in the purchase of a portion of the Company's territorial claims, the first step was clearly to ascertain what validity there was in those claims—what land the Company really had to sell.

I further stated as my personal view of the matter, that no solution would be satisfactory to the people of Canada short of the entire extinction of the Hudson's Bay Company's territorial claims and exclusive rights of Trade. I pointed out that to recognize and maintain the exclusive pretensions of the Company over a large portion of the Continent, and to give it thereby a monopoly of the lucrative fur-trade, would be simply erecting a barrier in the way of the rapid settlement of the country, and laying the foundation for serious difficulty when the country became settled, and for a further demand on the part of the Hudson's Bay Company, some years hence, for the final extinction of its claims.

I urged that in view of the present unsettled position of the American Continent, it was of the highest importance to attract to British America as large a share as possible of the European emigration---that the opening up of the North-West Territories with all their Agricultural, Mineral and Fur-trading advantages would conduce vastly to that end---and that a further delay of this step would (from the immigration of Americans now going on into the Territory) render the establishment of British institutions in the settled portions of the country much more difficult than if action were taken now.

Denying the claims set up by the Hudson's Bay Company, I further contended that, even were all their pretensions admitted for the sake of argument, the sum demanded by the Company---namely, one million sterling---was much more than they were entitled to receive for the entire extinction of their claims from the Atlantic to the Rocky Mountains and from the American line to the extreme North. I pointed out that it was only eighteen months since the rights of the Hudson's Bay Company had passed by purchase into the hands of the present proprietors ; that they paid £1,500,000 for those rights, which was fifty per cent above the then market value of the property ; and I referred to the official prospectus on which the new company was formed in July, 1863, for proof that the demand now made on Her Majesty's Government by the Company was utterly unreasonable. I drew Mr. Cardwell's attention to the fact that the prospectus declared that the assets of the new Hudson's Bay Company, exclusive of the landed territory, had been "recently valued by competent valuers at £1,023,569 sterling," and that these assets were further explained to consist of "goods in the interior, on ship-board, and other stock-in-trade, including shipping, business premises, and other buildings necessary for carrying on the fur trade." I pointed out that in addition to this large amount of convertible property, "a cash balance" derived from the old Hudson's Bay Company, was spoken of in the prospectus ; and that other large landed possessions besides those to the east of the Rocky Mountains and north of the American line, were thus set forth in the prospectus as being part of the property purchased by the new company :--

"*In addition to its Chartered Territory*, the Company possess the following valuable landed property :—Several plots of land in British Columbia, occupying most favorable sites at the mouths of rivers, the titles to which have been confirmed by Her Majesty's Government;

"farms ; building sites in Vancouver's Island ; and in Canada ten square miles at Lacloche, on Lake Huron ; and tracts of land at fourteen other places."

In addition to all this, I directed Mr. Cardwell's attention to the fact that the Hudson's Bay Company held a claim against the American Government, and which was at that moment under consideration by arbitrators, for the surrender of their rights on the Pacific, south of the boundary line established under the Oregon Treaty. I stated, on information that had reached me, but without personal knowledge of its correctness—that the American Government had expressed its willingness to pay \$1,000,000 for the extinction of that claim, but that the Company rejected it and were in expectation of receiving a much larger sum.

In view of all these facts, I contended that it was utterly unreasonable on the part of the Company to claim any such sum as one million sterling, even for the entire extinction of their Territorial and Trade claims East of the Rocky Mountains. But I admitted that it was for Her Majesty's Imperial Government to settle with the Hudson's Bay Company the consideration to be paid for the extinction of their claims, as it could not be expected that the people of Canada should bear the burthen of extinguishing a monopoly that they did not create and have never recognized, and the advantages from the extinguishing of which they would only share in common with the rest of Her Majesty's subjects. I urged that the Imperial Government should, without delay, secure the extinction of the Company's claims; and that the Government of Canada would be prepared to assume the duty and cost of opening up communications into the country and establishing Local Government in the settled portions.

I had the honour of interviews with several of Her Majesty's Ministers who were then in London, in which I was permitted to urge these views to a greater or less extent. But the Christmas holidays having intervened, and being compelled to leave England in time to be present at the opening of the Canadian Parliament on the 19th January, I was unable to press the matter to a close. I therefore suggested to Mr. Cardwell that I would report to Your Excellency the point to which the discussion had been brought, and that when the proposed Deputation of Members of the Canadian Government visited England in Spring the negotiation might be resumed and, if possible, brought to a satisfactory termination. Mr. Cardwell kindly consented to this arrangement.

I have the honor to be,

My. Lord,

Your most obedient servant,

GEO. BROWN.

*Copy of a Report of a Committee of the Honorable the Executive Council,
approved by His Excellency the Governor General in Council, on the
27th March, 1865.*

The Committee have had under consideration the Report (hereunto appended) of the Hon. the President of the Executive Council, on the subject of his communications with the Right Hon. the Secretary of State for the Colonies, in London, in reference to the opening up to settlement the North-West Territories.

The Committee respectfully recommend that the negotiations be taken up by the Deputation of members of Council now about to proceed to London, at the point to which they had been so ably brought by the President of the Council, and carried, if possible, to a successful termination.

Certified,

WM. H. LEE, C. E. C.

Extract from a Despatch (No. 95,) from the Right Hon. the Secretary of State for the Colonies to the Governor General, dated 17th June 1865.

" On the fourth point, the subject of the North-Western Territory, the Canadian Ministers desired that that Territory should be made over to Canada, and undertook to negotiate with the Hudson's Bay Company for the termination of their rights, on condition that the indemnity, if any, should be paid by a Loan to be raised by Canada under the Imperial Guarantee; with the sanction of the Cabinet, we assented to this proposal,—undertaking that if the negotiation should be successful, we, on the part of the Crown, being satisfied that the amount of the indemnity was reasonable, and the security sufficient, would apply to the Imperial Parliament to sanction the agreement and to guarantee the amount."

*Extract from the Report of the Delegates to England, dated
12th July, 1865.*

" The important question of opening up to settlement and cultivation the vast British Territories on the north-west borders of Canada, next obtained the attention of the Conference. Your Excellency is aware that the desire of the Government of Canada for a satisfactory and final adjustment of this matter has been often formally expressed. In your Excellency's Despatch of 19th January, 1864, to the Colonial Secretary, the anxious desire of the Canadian Government was communicated "for some speedy, inexpensive and mutually satisfactory plan," for settling definitely the North-Western boundary of Canada," and the claim of Canada was asserted to "all that portion of Central British America, which can be

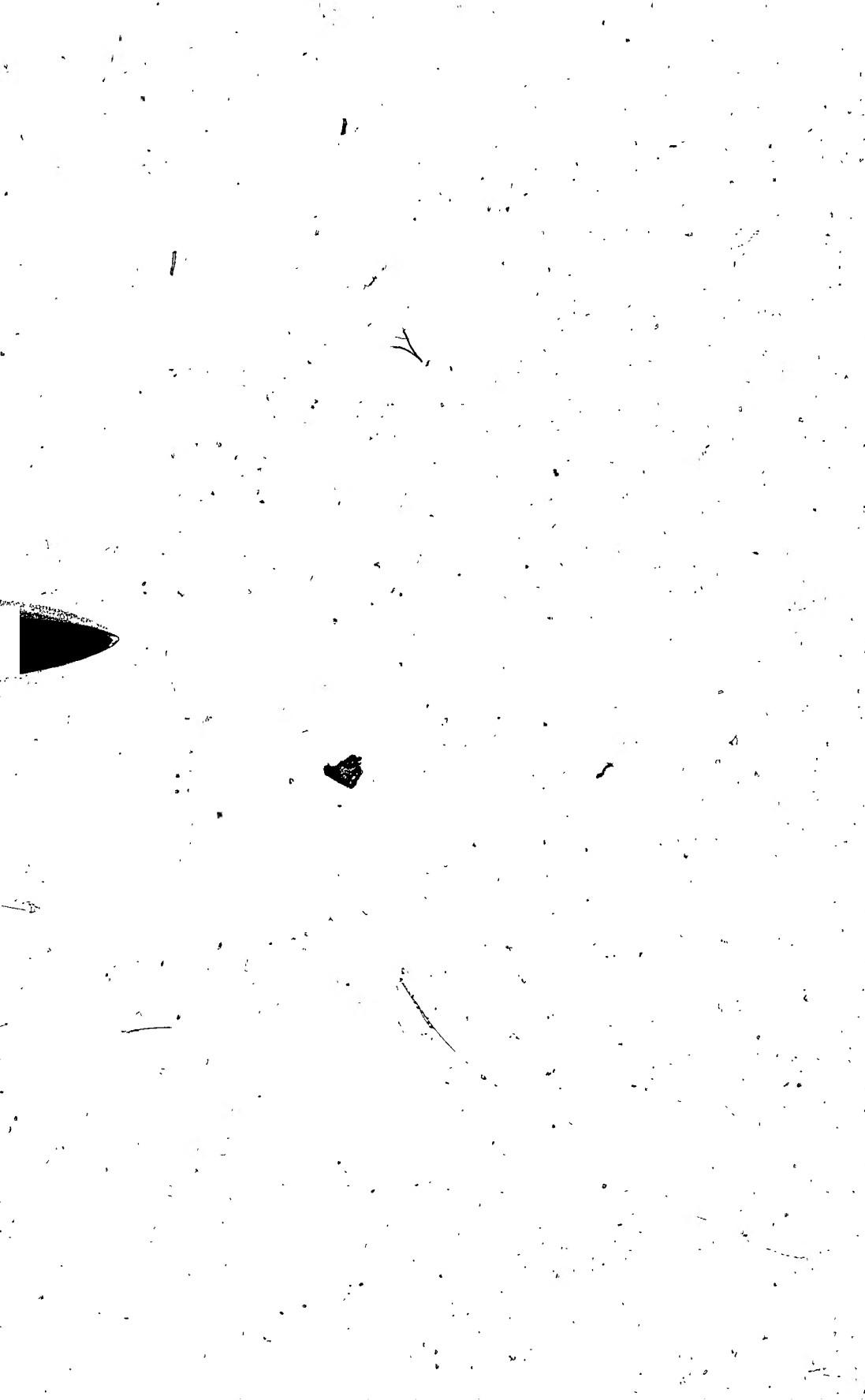
" shown to have been in the possession of the French at the period of
" the cession in 1763.

" In reply to this Despatch, Mr. Cardwell, on 1st July, 1864, requested
" to be informed whether the Government of Canada was prepared to assist
" in negotiations with the Hudson's Bay Company, with the view of accept-
" ing any portion of the Territory now claimed by that Company, and pro-
" viding the means of local administration therein ; and he suggested that
" if so prepared it would be desirable that some person duly authorized to
" communicate the views of the Canadian Government should be sent to
" England for that purpose.

" On the 11th November 1864, a minute of Council was approved by
" Your Excellency, in reply to Mr. Cardwell's Despatch. It set forth that
" the Government of Canada was ready and anxious to co-operate with the
" Imperial Government, in securing the early settlement of the North-West
" Territories, and the establishment of local Government in its settled por-
" tions ; but that in its opinion the first step towards that end was the ex-
" tinction of all claims by the Hudson's Bay Company to proprietary rights
" in the soil and exclusive rights of trade. It suggested that, it was, for the
" Imperial Government, and not for the Government of Canada, to assume the
" duty of bringing to an end a monopoly originating in an English Charter,
" and exercised so long under Imperial sanction ; but that when the nego-
" tiations were brought to a close, the Government of Canada would be
" ready to arrange with the Imperial Government for the annexation to Ca-
" nada of such portions of the Territory as might be available for settlement,
" as well as for the opening up of communications into the Territory and
" providing means of local administration. Or should the Imperial Gover-
" nment prefer to erect the Territory into a Crown Colony, the Canadian
" Government would gladly co-operate in the opening up of communication
" into the Territory, and the settlement of the Country. The minute finally
" suggested that the Hon. President of the Council while in England
" would communicate more fully to Mr. Cardwell the views of the Cana-
" dian Government.

" The negotiations that followed on this despatch, satisfied us of the
" impossibility of enforcing the end sought by Canada without long-pro-
" tracted, vexatious and costly litigation. The Hudson's Bay Company
" were in possession, and if time were their object, could protract the pro-
" ceedings indefinitely ; and Her Majesty's Government appeared unwilling
" to ignore pretensions that had frequently received *quasi* recognition from
" the Imperial authorities. Calling to mind, therefore the vital importance
" to Canada of having that great and fertile country opened up to Canadian
" enterprize, and the tide of emigration into it directed through Canadian
" channels—remembering also the danger of large grants of land passing into
" the hands of mere moneyed corporations and embarrassing the rapid settle-
" ment of the country—and the risk that the recent discoveries of gold on
" the Eastern slope of the Rocky Mountains might throw into the country
" large masses of settlers unaccustomed to British institutions—we arrived
" at the conclusion that the quickest solution of the question would be the

" best for Canada. We accordingly proposed to the Imperial Ministers that
" the whole British Territory east of the Rocky Mountains and north of the
" American or Canadian lines should be made over to Canada, subject to
" such rights as the Hudson's Bay Company might be able to establish;
" and that the compensation to that Company (if any were found to be due)
" should be met, by a loan guaranteed by Great Britain. The Imperial
" Government consented to this, and a careful investigation of the case
" satisfies us that the compensation to the Hudson's Bay Company cannot,
" under any circumstances, be onerous. It is but two years since the pre-
" sent Hudson's Bay Company purchased the entire property of the old
" Company; they paid £1,500,000, for the entire property and assets,—in
" which were included a large sum of cash on hand, large landed properties
" in British Columbia and elsewhere not included in our arrangement, a
" very large claim against the United States Government under the Oregon
" Treaty—and ships, goods, pelts, and business premises in England and
" Canada valued at £1,023,569. The value of the territorial rights of the
" Company therefore, in the estimation of the Company itself, will be easily
" arrived at."



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